



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

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**FOUNDER OF EARFUL OF BOOKS
CONVICTED OF FRAUD AND MONEY LAUNDERING**

The U.S. Attorney's Office announces that, Paul Adams Rush, the former Chief Executive Officer and founder of Earful of Books was found guilty of seventeen counts of fraud and money laundering offenses by a federal jury.

The trial was held yesterday in U.S. District Court in Austin, Texas, before U.S. District Judge Sam Sparks. Rush was found guilty of two counts of wire fraud, two counts of bank fraud, eight counts of making a false statement in relation to a loan and five counts of money laundering.

Rush was the founder and largest shareholder of Earful of Books, Inc., a publicly traded company. Rush also served as the President and Chairman of the Board of Earful of Books. From early 2001 until the company closed its doors in April of 2002, Rush initiated a fraud scheme designed to pump money into Earful of Books. Earful of Books never made a profit and by early 2001, Earful of Books was in serious need of cash.

In 1999, Rush agreed to serve as the trustee of a trust created by an Austin couple for that couple's four children. In the spring of 2001, Rush stole \$529,000 from the trust and spent the money on himself and the expenses of Earful of Books. Rush was convicted of two wire fraud counts and five money laundering counts related to this portion of the fraud scheme.

In late 2001 and early 2002, Rush obtained a series of loans from City National Bank in Taylor, Texas and Village Bank and Trust in Lakeway, Texas by forging the signature of an individual on guaranties associated with each loan. The Defendant obtained loans or renewals of loans from City National Bank in the amounts of \$50,050, \$600,000, \$250,000 and \$350,000 and from Village Bank and Trust in the amounts of \$16,154, \$33,846 and \$250,000. All of the loans were made to Earful of Books except the \$50,050 loan at City National Bank. The \$50,050 loan was made to Rush in his personal capacity. In addition, Rush personally received \$43,000 of the \$250,000 loan from Village Bank and Trust.

Judge Sparks set sentencing for September 16, 2005. This case was the result of an investigation by the Federal Bureau of Investigation. Assistant United States Attorney Mark Lane is prosecuting this case on behalf of the Government.

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